Pensions of war veterans and war widows.

647 Special cases resulting from the war are taken into
729 consideration by the social policy. Those civil servants who became disabled while on active service during the war receive pensions regardless of the length of time spent in the service. The widows of civil servants who died while serving in the army receive pensions. During the first world war there were no such regulations in force.

Hungarian and Roumanian pension systems.

000 For the sake of comparison we may mention that the Roumanian state, in 1940, gave a very small pension to those who had been retired a long time ago. When the Transylvanian territory was reunited with Hungary, the pension system was reorganized according to the Hungarian laws. Some instances showed that the former Roumanian pensions were almost 200% lower. Furthermore, the Roumanian pension law did not give pensioners allowances for children. Thus the establishment of the Hungarian pension system was a very welcome change, especially to those with children.

Student welfare.

657 The second most acute problem created by the post-
894 war crises was the plight of the educated young Hungarians. In the beginning, when aid could only be given intermittently and within narrow limits, the Government spent as much as possible on the support of university students by direct aid. At the time of the world-wide depression this problem became acute. It became possible by then to aid student welfare by collective measures. The impor-

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Net income		Income tax.	
1,000	pengős	10	pengős
2,000	»	28	»
3,000	»	55	»
4,000	»	95	»
5,000	»	125	»
6,000	»	164	»
7,000	»	210	»
8,000	»	265	»
9,000	»	320	»
10,000	»	380	»
100,000	»	17,000	»
200,000	»	43,000	»
300,000	»	72,000	»
400,000	»	104,000	»

Ten pengős are deducted as a minimum subsistence allowance out of the tax payable on incomes not over 6000 pengős, which measure also favours the small taxpayer. This means that the tax on 3000 pengős is actually only 45 pengős, while the tax on 7000 pengős remains the above-quoted 210 pengős. Thus the tax is increased fourfold on an income little more than twice the size.

In the case of the taxpayer whose basic income surpasses one and a half million pengős, the tax, together with supplements, is 83% of the income. This shows that the Hungarian tax system is one of the most progressive in Europe.

Tax exemptions for soldiers.

651 729 While levying direct taxes, the first socially significant step was taken in the interest of disabled soldiers, war widows and orphans, and of those returned soldiers who fought on the battle-fronts and were decorated in the first world war. The Government grants the following exemptions

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to the above: 10% to 30% exemption when the direct tax payable is not more than 50 pengős, 5% to 20% when the direct tax is between 50 and 100 pengős. 651 729

Children's Allowances.

The high birth rate is encouraged by the state even through tax measures. The principle of tax exemption granted for children was first adopted in 1929. According to the number of children in the family the assessable income-tax rate is progressively lowered, that is to say, the personal exemption is gradually increased, and the income-tax rate is progressively reduced. Those who do not have to pay income-tax also have their other direct state taxes lowered if they have four or more children. The same purpose is served by Act XXII of 1940, which provides tax rate reduction for those property owners who rent their houses exclusively to families with many children. 651 168

Since 1940 the tax concession for those having children takes the form of progressive reduction of the taxable income according to the number of children in the family. The ratio of reduction is considerable: for three children 700 pengős, for four 1000 pengős, and for five or more children 1500 pengős can be deducted from taxable income. The same law provides that the heads of families not paying income-tax are eligible for a reduction of rates on property taxes. The reduction is progressive and is between 5% and 34% (in the case of five children).

The promotion of family welfare is embodied in the already mentioned act of 1940 to the extent that up to certain limits (12,000 pengős yearly income) the law differentiates between single and married taxpayers, and taxpayers with children. To show how this works in

651 paying income-tax for three years. In the reoccupied territories the Hungarian house-owners who were not granted provisional tax exemption under the nationalistic policy of the Succession States, now receive such exemption.

Enlisted men.

651 729 In connection with the war the Government introduced several new tax exemption measures. For instance, the Government remits even those taxes of soldiers killed in action which were not remittable previously. Cancellation of some of the taxes can be requested by the enlisted men, and they, or their landlords, can claim rental tax exemption.

Real estate tax exemptions.

651 The Government made important concessions to the farmers in land tax levies. In 1929 the rate of land tax was scaled down, and during the economic depression the Government reimbursed the impoverished farmers for the land tax already paid by them. Since then this concession is renewed yearly. Tax reductions were given for regrafting vineyards, and farmers receive tax benefits under Act XXII of 1940 for damage caused by the elements. Between [739] 1939 and 1942 Hungary suffered extensive flood damage every year, and the farmers thus affected received additional government concessions and compensation.

Special privileges.
Reduction of tax penalties.

In the interests of agrarian social welfare, and to restore parity of farm prices, numerous measures were adopted, among them the reduction of tax penalties almost

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Aid to flood victims.

In Hungary, the plains particularly were devastated by extensive floods in recent years. The floods had their origin outside the country and Hungary had no control over preventive measures, as most of the tributaries of the Danube — especially their sources — were on foreign soil after the war. The Succession States neglected the regulation of their flow, and added to this by denuding some of the mountains of their forests which normally absorbed a large part of the rainfall. After winters of unusually high precipitation a greater volume of water than was ever recorded before rushed down to the Hungarian plains.

Voluntary donations helped to relieve, in a small measure, the suffering caused by these disasters, but the expense was largely born by the state. To illustrate the extent of the damage: the Ministry of the Interior alone distributed 20 million pengős among the flood victims; almost 5000 houses had to be rebuilt and 14,000 others repaired by the state. The work of rebuilding was hampered by war-time shortage of material, and supplies had to be controlled centrally.

Employment of returned soldiers.

The men from the farms who were released from the army had to be provided with work. This problem had to be solved by the state after the re-occupation of the northern, north-eastern, Transylvanian and eastern territories, and on a smaller scale after the re-occupation of the southern territories. The year 1940 was a most difficult one in this respect, as during that summer a large proportion of the country's male population was on active

653 military service, and consequently the income of the seasonal
729 workers was negligible. The solution was reached by the Government in combining the employment of returned soldiers with the performance of public works such as rebuilding the homes of flood victims, and defence projects. Public works costing 54 million pengõs bridged over the last months of the depression until the period of accelerated war-time production.

Providing for the refugees.

729 The refugee problem was an important item in the
167 Hungarian social welfare administration. Hungarian
657 resources were strained to the utmost in providing for the periodic influx of refugees from the former Hungarian territories. Immediately following the first world war this flow was at its peak, as we have previously stated. A similar situation occurred a second time when part of Transylvania was reoccupied. Hungarians who were left under foreign domination started to move across the new boundaries in large numbers. In order to help them to become self-supporting and be readily absorbed into economic life the Government settled them in various parts of the country. During this period of rehabilitation, from the autumn of 1939 till the end of 1942, the state spent 25 million pengõs on their maintenance.

Compensation of war bond holders.

652 During the last twenty years it was often necessary
457 from the standpoint of social security to protect the interests of the small investor. In the first world war thousands had put all their savings into war bonds, and when these lost their value many of the bondholders were in dire straits. For

demand of labour forces. Besides directing the labourers to places where they are needed, several boards entered upon the plan of giving the workers diversified training in various trades.

Inspection.

The nation-wide organization of labour inspection boards is being established. The National Industrial Board in Budapest is already functioning and supervises the enforcement of regulations governing working conditions in industry.

Leisure hours.

The organization of the workers' leisure hours was also started. Various clubs and unions of the workers provided facilities for cultural diversions, recreation and sports for their members. Credit is due to the factories for providing similar facilities on the highest European standards for their employees. Many of the larger factories publish illustrated magazines for their workers dealing with matters of interest to them.

V. WAR-TIME MEASURES.

In Hungary after the first world war and subsequent revolutions, when normal political life was restored, the first laws enacted by the Parliament were concerned with improving the economic and social conditions of war veterans, their dependents, victims of the war and of those who were decorated for war services.

Tax concessions.

729 651 Their economic assistance and patronage is the permanent feature of the taxation policy, which assures the disabled soldiers, war widows and orphans, soldiers decorated for bravery, and war veterans of permanent tax benefits through administrative and legal measures. Lately these benefits have been made available to all soldiers on active service.

Ex-soldiers.

729 464 In several other administrative and legal measures incidental provisions secure special consideration for the above. One of the laws furthering the welfare of war veterans and their dependents orders the employment of a certain percentage of disabled soldiers by employers, and secures preferential treatment for ex-soldiers when applications for governmental and other positions are considered. 729 656 These considerations prevail at the distribution of state monopoly rights in trade amongst retailers. The law of 1921 governing the retailing of spirits orders that the license applications of war veterans, disabled soldiers, war widows and orphans and those civil servants who lost their livelihood on account of the Treaty of Trianon, should be given first consideration. The law regulating the social welfare of ex-soldiers provides that if there are competent ones amongst the applicants for any state licenses to ply a trade, at least 50% of the applications should be granted to them. Since these laws were passed the revenue authorities have allotted almost 70% of the licenses — especially licenses to retail tobacco — to disabled soldiers, giving preference to those who had

large families or were most in need of employment. The retail tobacco store licenses withdrawn from Jews were given mostly to ex-soldiers and war widows.

We have already dealt with the indemnification of war-bond holders who sustained severe financial losses due to the war in the section on public finance and taxation.

Social policy during the second world war.

War conditions retarded the progress of certain social welfare policies and stimulated others. The promotion of industrial labour policy has not been neglected during the war. The expansion of the sphere of activies of the various labour agencies and boards is going on and the Government is reinstating certain social measures which were suspended or restricted the beginning of the war in the interest of accelerated war-time production.

Overtime and paid holidays.

In the regulation of working conditions and the labour market nowadays anticipatory measures come to the fore, for instance the new wartime measures to check habitual idleness and any sign of reluctance to work. It was inevitable that the limitation of the hours of work should be suspended for the duration, and although it was restored for a short while in 1940, it had to be suspended again that year owing to the requirements of war production. At the same time the Government demanded that overtime should be paid for any extra hours of work. Defence requirements also made it necessary that the paid holidays enjoyed by workers under the law could be commuted for extra paid compensation. Furthermore, steps were taken that the time

Wage allowances to dependents.

The employer must pay the enlisted men in the ranks or their dependents 50% of their monthly salary during their period of military training and this amount is increased by 10% for each child. The rent of their living quarters if supplied by the employer cannot be deducted from the above amount. 701 465

Industrial and agricultural labourers.

The industrial connections of the enlisted men cannot be severed while they are doing military service, and the same applies to agricultural labourers, and if they have dependents their employer must continue to furnish the dependents with the services in kind contracted for (rent-free homes, fuel, garden space, keeping a certain number of domestic animals, etc.). 701 466

Since 1938 laws ensure that the jobs of farm overseers be held for them and their dependents be provided for by the employer while the overseers serve with the army. Since 1942 the needy dependents of enlisted men get separation allowances. They also enjoy certain privileges in rationing.

Civil servants.

A number of legal measures protect the interests of enlisted civil servants. The essence of these measures is that no distinction should be made between enlisted and exempted civil servants to the detriment of the former in the matter of promotion, placement in rank, etc. 701 647

Disabled soldiers, war widows.

One of the provisions of the National Defence Act orders that disabled soldiers and war widows should be 929

awarded pensions irrespective of the length of military service. During the first world war no such law was in force.

Taxation.

The enlisted men and dependents of soldiers killed in action profit by various taxation measures. For instance, in some cases their tax arrears are written off. The collection of taxes of enlisted men is deferred for a longer period. Arrears in municipal rental taxes payable by enlisted men are sometimes treated as irrecoverable claims.

In this resumé of war-time measures, only the most important features of state aid to soldiers, and to others entitled to special consideration on account of the war, have been briefly outlined.

VI. HUNGARY — A SOCIAL STATE.

One of the oldest themes of anti-Hungarian propaganda, which is repeated over and over again, is the assertion that Hungary is a feudalistic state motivated by reactionary conceptions of life and remaining far behind its neighbours in the matter of social reform. Occasionally publications appear abroad trying to prove this assertion by specious comparisons.

The Hungarian statutes, institutions, and governmental measures already described speak for themselves, and the data given show that Hungary's social policy has kept pace with general European social progress. Hungary was the fifth state to limit child labour early in the nineteenth century, the fourth state to institute family allowances, one of the first to restrict night labour and to legislate for